

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6591**

**BILL NUMBER:** HB 1052

**NOTE PREPARED:** Mar 22, 2005

**BILL AMENDED:** Mar 17, 2005

**SUBJECT:** Lottery Commission Audit.

**FIRST AUTHOR:** Rep. Borror

**FIRST SPONSOR:** Sen. M. Young

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:**(Amended) This bill has the following provisions:

(A) The bill requires the State Board of Accounts to annually audit the operations of the Lottery. The bill requires the Lottery Commission to pay for the audit.

(B) The bill changes the outside audit under the State Budget Agency to be optional instead of mandatory.

(C) The bill provides that the revenue and expenditure reports from the Lottery Commission are to be provided upon request of the State Budget Agency or State Budget Committee instead of annually. The bill removes specific items from being required in the report.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) (A) *Summary:* It is estimated that the bill would result in additional annual auditing cost of about \$56,500 to the Hoosier Lottery.

*Background:* The bill requires the State Board of Accounts to annually audit the operations of the Hoosier Lottery. (Current statute *authorizes* the State Board of Accounts to audit, at any time, any phase of the Lottery operations.) The bill also requires that the Lottery Commission reimburse the State Board of Accounts for all costs of the audit. It is estimated that the State Board of Accounts could perform compliance and financial audits of the Lottery Commission for approximately \$56,500 per year. This assumes a full-cost audit at the current rate of \$56.49 per hour.

**(B)** Under current law the State Budget Agency is required to contract annually with a CPA for a financial audit of the Lottery Commission. The Lottery Commission is required to pay the cost of this audit. Under the bill, the Budget Agency would be given the option to contract with a CPA for a financial audit of the Lottery Commission. The cost of the current annual audit contract with the Budget Agency is \$66,500. The impact of this provision to state expenditures would depend on whether further contracts with a CPA were entered into by the Budget Agency.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Lottery Commission, State Board of Accounts, State Budget Agency.

**Local Agencies Affected:**

**Information Sources:** Dihann Kinsworthy, State Budget Agency, (317) 232-7221; Mike Hoose, State Board of Accounts, (317) 232-2525.

**Fiscal Analyst:** Jim Landers, 317-232-9869.